

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT  
PRICE ADJUSTMENT

Docket No. R2018-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-12 OF CHAIRMAN'S INFORMATION REQUEST NO. 2**  
(October 20, 2017)

The Postal Service hereby files its response to questions 1-12 of Chairman's Information Request (CHIR) No. 2, issued on October 16, 2017. Each question is stated verbatim and followed by the response.

Respectfully submitted,  
UNITED STATES POSTAL SERVICE

By its attorney:

/s/ David H. Rubin

David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986, FAX: -6187  
David.H.Rubin@usps.gov

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

1. Please refer to tab "F-6 Registered Mail" of the CapCalc file [USPS-LR-R2018-1/5, October 6, 2017, "CAPCALC-SpecServ 4q16 to 3q17.xlsx"]. The formula displayed in cell F39, volume for Handling Charges, is "=+C50/G39." Cell C50 reports the revenue for Registered Restricted Delivery.
  - a. Please confirm that the formula displayed in cell F39 and revenue reported in cell C50 are correct.
  - b. If confirmed, please explain why the volume of Handling Charges is calculated using the revenue for Registered Restricted Delivery.
  - c. If not confirmed, please file revised workpapers (if applicable, state if the volume for Handling Charges in cell F39 should be 18,741 (cell C43) or another quantity).

**RESPONSE:**

- a-c. Not Confirmed. While the revenue reported in cell C50 is correct, the formula in cell F39 should be "=+C53/G39. Revised workpapers are being filed today along with this response.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

2. Please refer to tab "F-15 SFS" of the CapCalc file. Cell D12 reports Custom Order revenue of \$1,630. Cell C12 reports Custom Order volume of 734.
- a. Please confirm that the average unit revenue for Custom Orders in the hybrid year was \$2.22 (cell D12 divided by cell C12).
  - b. If confirmed, please reconcile this with the price reported in cell I10 of \$2.00.
  - c. If not confirmed, please explain.

**RESPONSE:**

- a-c. Not confirmed. There is an error in the billing determinants for quarters 1-3 of FY 2017 in the calculation of revenue for the custom orders. Using the corrected revenues for those quarters, the revenue reported in cell D12 is \$1,468. The volume of 734 is correct, so the cap calculation does not change. The correct unit revenue is  $\$1,468/734 = \$2.00$ .
- Revised workpapers with the corrected billing determinants and revenue are being filed today with this response.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

3. Please refer to tab "G-3 Certificates of Mailing" of the CapCalc file. Please reconcile the discrepancy between the 4,698,159 transactions reported in cell D42 and the volume of 21,333 reported in cell H12. If the footnote in cell B46 is intended to address this discrepancy, please provide further explanation.

**RESPONSE:**

Cell D42 shows the number of pieces of mail that received Certificate of Bulk Mailing service in transactions of up to 1000 pieces. Cell H12 shows the number of transactions of up to 1000 pieces of mail. That volume is the revenue reported in cell C42 divided by the price in I12, and better reflects the volume in terms of the prices in Mail Classification Schedule section 1505.6.2.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

- 4.** Please refer to tab "AEC II" of the CapCalc file. Cell C8 reports revenue of \$668,276. Cell B8 reports volume of 2,088,409.
- a. Please confirm that the average unit revenue for AEC II in the hybrid year was \$0.32 (cell C8 divided by cell B8).
  - b. If confirmed, please reconcile this with the price reported in cell G7 of \$0.31.
  - c. If not confirmed, please explain.

**RESPONSE:**

- a-c. Confirmed. There is a \$31 minimum fee for AEC II, when the number of records is fewer than 100, so the average revenue per piece exceeds the unit price of \$0.31 shown in Cell G7.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

5. Please refer to tab "Computerized Delivery Sequence" of the CapCalc file. Cell B9 reports 376 transactions. Cell F9 reports a volume of 262,548,709.
- a. Please confirm that this reported information is correct.
  - b. If confirmed, please reconcile the two numbers.
  - c. If not confirmed, please file revised workpapers.

**RESPONSE:**

- a-c. Confirmed. There were 376 transactions for Computerized Delivery Sequence, in which a total of 262,548,709 records were put into delivery sequence. The volume reported in cell F9 is derived by dividing the revenue in cell C9 by the by the unit price in cell G9.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

- 6.** Please refer to tab "DPV" of the CapCalc file. Cell C9 reports revenue of \$375,938. Cell B9 reports a volume of 37.
- a. Please confirm that the average revenue for DPV in the hybrid year was \$10,160 (cell C9 divided by cell B9).
  - b. If confirmed, please reconcile this with the price reported in cell G9 of \$11,250.
  - c. If not confirmed, please explain.

**RESPONSE:**

- a-c. Confirmed. Some transactions qualified for prorated fees, under Mail Classification Schedule section 1515.2, note 3.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

7. Please refer to tab "DSF2" of the CapCalc file. Cell D9 reports revenue of \$1,745,333. Cell C9 reports a volume of 16.
- a. Please confirm that the average revenue in the hybrid year was \$109,083.33 (cell D9 divided by cell C9).
  - b. If confirmed, please reconcile this with the price reported in cell H9 of \$112,000.
  - c. If not confirmed, please explain.

**RESPONSE:**

- a-c. Confirmed. Some transactions qualified for prorated fees, under Mail Classification Schedule section 1515.2, note 4.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

8. Please refer to tab "CASS" of the CapCalc file. Cell D15 reports After July 31<sup>st</sup> (for current cycle) revenue of \$33,000. Cell C15 reports After July 31<sup>st</sup> (for current cycle) volume of 48.
- a. Please confirm that the average revenue in the hybrid year for After July 31<sup>st</sup> (for current cycle) was \$687.50 (cell D15 divided by cell C15).
  - b. If confirmed, please reconcile this with the price reported in cell H15 of \$1,000.
  - c. If not confirmed, please explain.

**RESPONSE:**

- a-c. Confirmed. CASS customers are billed for new products, upgrades, and enhancements to their software. However, if they have multiple operating systems they are billed for the first test only for each specific software product. One customer was billed for one CASS test and did not pay for 15 tests for different operating systems for the same software product. Revised workpapers are being filed today which remove the 15 tests that were provided at no charge.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

9. Please refer to tab "MASS" of the CapCalc file.
- a. Please confirm that the revenues reported in column D, for each After July 31<sup>st</sup> (current cycle) line item, were prorated at approximately 50 percent of the published rate, as explained in Docket No. R2017-1.<sup>1</sup>
  - b. If not confirmed, please reconcile the revenue of \$118,750 reported in cell D28 with the revenue of \$237,500 reported in cell J28.

**RESPONSE:**

- a-b. Confirmed.

---

<sup>1</sup> Docket No, R2017-1, Response of United States Postal Service to Question 4(a), (e), and (f) of Chairman's Information Request No. 5, November 8, 2016, question 4(a)(xvii) and (xx) (November 8, 2016 Response to CHIR No. 5).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

- 10.** Please refer to tab "LACSLink" of the CapCalc file. Cell D13 reports End User (per year) revenue of \$2,217. Cell C13 reports End User (per year) volume of 7.
- a. Please confirm that the average revenue for End User (per year) in the hybrid year was \$316.67 (cell D13 divided by cell C13).
  - b. If confirmed, please reconcile this with the price reported in cell H13 of \$350.
  - c. If not confirmed, please explain.

**RESPONSE:**

- a-c. Confirmed. Some transactions qualified for prorated fees, under Mail Classification Schedule section 1515.2, note 5.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

- 11.** Please refer to tab "NCOALink" of the CapCalc file.
- a. Please confirm that the discrepancy between published prices reported in column H and average unit revenue (the revenues reported in column D divided by the volumes reported in column C for rows 9 through 26) is the result of pro-rated fees, as explained by the Postal Service in Docket No. R2017-1.<sup>2</sup>
  - b. If not confirmed, please reconcile the revenue of \$10,374,327 reported in cell D31 with the revenue of \$10,729,075 reported in cell J31.

**RESPONSE:**

- a-b. Confirmed.

---

<sup>2</sup> November 8, 2016 Response to CHIR No. 5, question 4(a)(xvii.) and (xx.).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2**

- 12.** Please refer to tab "99 Percent" of the CapCalc file. Cell C9 reports revenue of \$230. Cell B9 reports a volume of 2 transactions.
- a. Please confirm that this reported information is correct.
  - b. Please also confirm that the average revenue in the hybrid year was \$115 (cell C9 divided by cell B9).
  - c. If part a, b, or both are not confirmed, please file revised workpapers.

**RESPONSE:**

- a-c.. Confirmed for both parts a and b. Revised workpapers are being filed today along with this response, changing the volume to reflect the total revenue and the unit price for this service.